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## **Biden Announces Settlement with Pharmaceutical Wholesaler in Drug Pricing Case**

**Wilmington** – Attorney General Beau Biden today announced that his office, along with those of 29 other state attorneys general, has reached a settlement against the McKesson Corporation, one of the nation's largest drug wholesalers. The settlement resolves claims that the company violated state and Federal False Claims Acts by artificially inflating the prices that Medicaid paid for large quantities of prescription drugs.

“Because of this illegal conduct, the Delaware Medicaid program was overcharged hundreds of thousands of dollars that should have been spent on meeting the medical needs of our citizens,” Biden said. “This settlement will help restore those taxpayer funds so that Medicaid can continue to serve the many Delawareans whose healthcare depends on it.”

The states' investigation focused on McKesson's reporting of drug pricing data for multiple drugs which, in turn, was used to set pharmacy reimbursement rates for drugs dispensed to Delaware Medicaid beneficiaries. The states alleged that McKesson reported inflated “Average Wholesale Price” (AWP) data to First Data Bank (FDB), a publisher of drug prices, thereby inflating many AWP benchmark prices that are used by Delaware to set reimbursements.

In April, 2012 the U.S. government settled the federal portion of this lawsuit for more than \$187 million. The agreement announced today recovers the state Medicaid share for Delaware, which totals \$115,000. The overall recovery attributable to Delaware's Medicaid program (representing McKesson's April 2012 payments to the federal government for damages suffered by Delaware's Medicaid program, combined with the state settlement announced today), is \$329,000.

The states' suit was filed in U.S. District Court in New Jersey. To date, federal and state governments have also recovered more than \$2 billion from drug manufacturers that were alleged to have reported inflated AWP information to FDB and other publishers of drug prices.

Delaware and the other states were represented in this case by a national settlement team comprised of members from the states of California and New York working through the National Association of Medicaid Fraud Control Units.

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